

## **Exhibit I                      Financial Capability Submittal Requirements**

The financial capability of the Offeror will be evaluated as part of Evaluation Stage 3 of the Evaluation Process (see Evaluation Stage 3 of Exhibit A). This exhibit provides the submittal requirements for the Offeror for financial capability.

The Offeror shall resubmit the requirements of Exhibit I with the most up-to-date information at the time of submission of the Financial Proposal for Evaluation Stage 4 (see Exhibit A and Exhibit F).

Financial information described below should be packaged separately for each entity with a cover sheet identifying the name of the organization and its role in the Offeror organization (i.e., Offeror, Equity Member, or Guarantor). Offerors shall identify any information, which it believes is entitled confidential by placing the word “confidential” on each page as described.

### **1.            Financial Statements and Credit Ratings**

Financial statements for the Offeror, each Equity Member of Offeror, and each Guarantor for the three most recent completed fiscal years must be provided to demonstrate financial capability of the Offeror. If the entity has been in existence for less than 3 fiscal years, Offeror should expressly state that such entity has been in existence for less than 3 fiscal years and shall provide financial statements for the number of fiscal years it has been in existence.

Financial statement information must include:

- a. Opinion Letter (Auditor’s Report), required for those financial statements that are audited
- b. Balance Sheet
- c. Income Statement
- d. Statement of Changes in Cash Flow
- e. Footnotes, required for those financial statements that are audited.

In addition, financial statements must meet the following requirements:

- f. GAAP - Financial statements must be prepared in accordance with U.S. Generally Accepted Accounting Principles (“U.S. GAAP”) or International Financial Reporting Standards (“IFRS”). If financial statements are prepared in accordance with principles other than U.S. GAAP or IFRS, a letter must be provided from a certified public accountant discussing the areas of the financial statements that would be affected by a conversion to U.S. GAAP or IFRS. A restatement of the financial information in accordance with U.S. GAAP or IFRS is not required.
- g. U.S. Dollars - Financial statements must be provided in U.S. dollars, if available. If financial statements are not available in U.S. dollars, the Offeror must include summaries of the Income Statements and Balance Sheets for the applicable time-periods converted to U.S. dollars by a certified public accountant.

- h. Audited – Fiscal year-end financial statements must be audited by an independent party qualified to render audit opinions (e.g. a certified public accountant). If audited financials are not available for an entity, the Proposal shall include unaudited financial statements for such entity, certified as true, correct, and accurate by the chief executive officer, chief financial officer, treasurer, or similar position of the entity.
- i. English - Financial statement information must be prepared in English. If audited financial statements are prepared in a language other than English, translations of all financial statement information must be provided with the original financial statement information.
- j. Newly Formed Entity - If the Offeror is a newly formed entity and does not have independent financial statements, financial statements for the Equity Members shall be provided (and the Offeror shall expressly state that the Offeror is a newly formed entity and does not have independent financial statements).
- k. Guarantee - Financial statements of each Guarantor must be provided to demonstrate financial capability of the Offeror. The Offeror shall note that the Authority or Amtrak may, in its discretion and based upon the review of the information provided, specify that another acceptable Guarantor is required.
- l. SEC Filings - If the Offeror or any other entity for whom financial information is submitted hereby files reports with the Securities and Exchange Commission, then such financial statements shall be provided through a copy of their annual report on Form 10K or Form 20F. For all subsequent quarters, provide a copy of any report filed on Form 10Q, Form 8-K, or Form K-6, which has been filed since the latest filed 10K or 20F.
- m. Notes and Disclosures – Notes and disclosures to the financial statements shall address any material changes in financial condition as described herein and report any off-balance sheet liabilities.
- n. Credit Ratings - If available, credit ratings and credit rating reports must be supplied for each Offeror, Equity Member, and Guarantor that submits financial statements with its Proposal. If credit ratings do not exist for any Offeror, Equity Member, or Guarantor that has submitted financial statements with its Proposal, then the Proposal must include a statement specifying that no credit ratings exist for that entity.

## **2. Material Changes in Financial Condition**

Information regarding any Material Changes in Financial Condition for Offeror, each Equity Member, and Guarantor for the past 3 years and anticipated for the next reporting period must be provided with the Proposal. Financial statements dated more than 12 months prior to the Close Date shall include a letter from the affected entity's chief financial officer or treasurer or an independent auditor's statement disclosing any Material Change that has occurred or is pending since the date of the financial statements.

If no Material Change has occurred and none is pending, the Offeror, Equity Member, or Guarantor, as applicable, shall provide a letter from its chief executive, chief financial officer, treasurer, or similar position so certifying. At the discretion of the Authority and Amtrak, any

failure to disclose a prior or pending Material Change may result in disqualification from further participation in the selection process.

In instances where a Material Change has occurred or is anticipated, the affected entity shall provide a statement describing the following:

- a. Each Material Change in detail;
- b. The likelihood that the developments will continue during the period of performance for the Contract; and
- c. The projected full extent of the changes likely to be experienced in the periods ahead.

Estimates of the impact on revenues, expenses, and the change in equity shall be provided separately for each Material Change as certified by the chief executive, chief financial officer or treasurer or similar position. References to the notes in the financial statements are not sufficient to address the requirement to discuss the impact of Material Changes.

Where a Material Change will have a negative financial impact, the affected entity shall also provide a discussion of measures that would be undertaken to insulate the Project from any recent material changes and those currently in progress or reasonably anticipated in the future. If the financial statements indicate that expenses and losses exceed income in each of the 3 completed fiscal years (even if there has not been a material change), the affected entity shall provide a discussion of measures that will be undertaken to make the entity profitable in the future and an estimate of when the entity will be profitable.

The Offeror must disclose to the Authority and Amtrak any Material Change that occurs after it has submitted its Proposal. Failure to disclose any Material Change that occurred after submission of its Proposal may result in disqualification, at the sole discretion of the Authority and Amtrak.

### **3. Guarantor Letter of Support**

The Proposal must include a letter from the chief executive, chief financial officer, treasurer, or similar position of each Guarantor explicitly stating that it will guarantee both the performance and financial obligations of the entity on behalf of which it is providing a guarantee.

The Guarantor's financial information shall be used for purposes of evaluating the affected member's financial capability. Following review of the financial information provided and the letter of support, the Authority and Amtrak may, in its sole discretion, specify that an additional guarantee will be required in order to demonstrate financial capability.

### **4. Security**

The Offeror shall provide a statement certified by the chief financial officer or treasurer of the Proposer that it will be able to obtain all required letters of credit. The Offeror shall also identify the financial institution(s) that will provide any letter of credit required under the Authority Contract and its rating information.

## **5. Off-Balance Sheet Liabilities**

A letter from the Chief Financial Officer or treasurer of the entity or the certified public accountant for each entity for which financial information shall be submitted, identifying all off-balance sheet liabilities. References to notes in the financial statements are not sufficient for identifying all off-balance sheet liabilities. If no off-balance sheet liabilities exist, then a letter certified by the Chief Financial Officer or treasurer of the entity shall be provided stating that no off-balance sheet liabilities exist.

## **6. Financial Delivery Qualifications – Authority Only**

The Offeror shall demonstrate their experience with financing, including debt and equity financing, projects on a similar scale to the Authority Contract. The Offeror shall provide details regarding the role of the Offeror and its Guarantor. The Offeror shall also highlight any US-specific experience.

The Offeror shall also demonstrate their experience, if any, in participating in public-private partnership transactions, including, but not limited to, availability payment structures. The Offeror shall provide detail into their role in the public-private partnership transaction, including, but not limited to, being a major contractor to the concessionaire or providing debt or equity financing.

## **7. Financial Plan – Authority Only**

The Offeror shall provide a Financial Plan (of up to 25 pages) outlining the financial and commercial structure that shall be in place to deliver the Trainsets under the Authority Contract. The Memorandum shall provide an overview of the major participants and their role to deliver the Contract. Major participants may include, but are not limited to, special purposes companies, major subsidiaries, debt and equity providers (if applicable), major subcontractors, and parent companies.

The Offeror shall provide details of plan to mitigate financial and commercial risks over the life of the project, which may include addressing escalation risk, foreign currency risk, short-term cash management, and financing risks. The Offeror shall also discuss its financial approach to delivering the options to the Authority.

The Financial Plan shall be updated with the Financial Proposal submission to include details of the Offeror's Price Proposal and Cost Model.

## **Financing Sources**

While the Offeror is not required to arrange or bring financing to deliver the project, should the Offeror intend to use financing to deliver the project, then the Offeror shall describe their plan for financing the project including:

- a. Identity of the lenders or investors anticipated to be used;
- b. Amounts, types and purpose of each financing facility to be used;

- c. Letters of commitment from the anticipated lenders and/or investors;
- d. Term sheets for each facility stating the costs, terms, and other assumptions used to calculate financing costs and amounts; and.
- e. The proposed steps for arranging and closing financing.

### **Major Agreements**

The Offeror shall provide the major agreements between the Offeror and its major participants. The major agreements include, but are not limited to, subcontracts, financing agreements, equity agreements, commitment letters, and parent guarantees.

The Offeror shall submit term sheets with the Stage 3 submission. The Offeror shall submit updated agreements to provide sufficient evidence to support the Offeror's ability to deliver the Project according to its Financial Proposal.

### **Financing Statistics**

The Offeror is not required to submit financing statistics with the Stage 3 submission. The Offeror shall update the Financial Plan to include the financing statistics with submission of the Financial Proposal.

Should the Offeror intend to use financing to deliver the project, then the Offeror shall provide a summary of financial results in the Cost Model. The summary shall include:

- a. Total Sources and Uses for Construction
- b. Total Sources and Uses for Operations
- c. Drawdown, repayment, and distribution profiles for debt and equity, if applicable
- d. Key financial metrics, as applicable, including:
  - i) Minimum and average senior debt service coverage ratio
  - ii) Minimum and average global debt service coverage ratio
  - iii) Minimum and average project loan coverage ratio
  - iv) Minimum and average loan life coverage ratio
  - v) Average loan life of senior debt
  - vi) Average loan life of junior or subordinated debt
  - vii) Project IRR (nominal and real)
  - viii) Equity payback period from Financial Close

## **8. Alternative Financial Concepts – Authority Only**

The Contractor will be a key private sector partner for the California High-Speed Rail Project. The Authority is seeking a contractor that will provide rolling stock, assist with technical input related to future project development options, and share development risks and costs as the market matures. As such, the Authority is seeking proposals and indications of interest for private sector investment in the project. Private investment or contributions may be in the form of debt, equity, or other forms of “sweat-equity” that may include plant investments and other contributions to be provided by the Contractor. For example, the Authority would like to understand the appetite for investment in rolling stock by export-credit agencies, sovereign wealth funds, or other national or sub-national investment vehicles.

Alternative Financial Concepts proposed by the Contractor shall provide details on possible private investment scenarios and present potential implementation plans to secure investments. The Alternative Financial Concepts are not binding and will not be evaluated. However, the Authority may use proposals to seek investment in partnership with the Contractor.